

Message Text

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PLS PASS EXIM BANK

E.O. 11652: N/A

TAGS: BEXP EG

SUBJECT: EXIM FINANCING OF TRUCKS AND TRAILERS

1. GENERAL MOTORS OVERSEAS WILL PROBABLY APPROACH EXIM BANK IN NEXT FEW DAYS CONCERNING FINANCING OF SALE OF APPROXIMATELY \$40 MILLION IN US VEHICLES. GM HAS SUBMITTED AN OFFER FOR 1,150 HEAVY DUTY TRUCKS, TRAILERS AND SEMI-TRAILERS TO GENERAL EGYPTIAN ORGANIZATION FOR ROAD TRANSPORT, WHICH IS ASKING FOR FINANCING AND OFFERING A CENTRAL BANK GUARANTEE. FINANCING OFFERS ARE TO BE SUBMITTED WITHIN THIRTY DAYS.

2. GM REP HERE BELIEVES THAT FINANCING PROBABLY WILL BE KEY FACTOR IN CHOOSING VENDOR - A JUDGEMENT WE SHARE. LEADING COMPETITORS, DEUTZ (GDR), BERLIET(FRANCE) AND FIAT (ITALY), EACH OFFERED PRACTICALLY IDENTICAL FINANCING PACKAGES OF 20 PERCENT DOWNPAYMENT, 20PERCENT UPON PRESENTATION OF SHIPPING DOCUMENTS AND 60 PERCENT IN 10 SEMI-ANNUAL INSTALLMENTS AT 8-1/2 PERCENT. AUTO DACIA (RUMANIA) OFFERED 10 PERCENT AT SHIPMENT AND 90 PERCENT IN 5 ANNUAL INSTALLMENTS AT 3 PERCENT. BIDS BY NISSAN AND HINO EACH STATED THAT THEY WOULD MAKE FINANCING PROPOSALS LATER.

3. GM AND ITS SUBCONTRACTORS ARE WILLING TO FINANCE ABOUT 15 PERCENT OF PACKAGE AND HAVE COMMERCIAL BANKS WHO ARE WILLING

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TO FINANCE ANOTHER \$10 MILLION. MANAGER OF GM FLEET

DEPARTMENT D.W. PECK, TOLD EMBASSY THAT KEY TO OBTAINING
NECESSARY ADDITIONAL COMMERCIAL FINANCING WOULD BE EXIM
PARTICIPATION.

4. EMBASSY SUGGESTS THAT EXIM BE URGED TO GIVE CAREFUL
ATTENTION TO THIS POTENTIAL SALE. EGYPTIAN VEHICLE MARKET
HAS VAST POTENTIAL, PARTICULARLY IN LIGHT OF DEVELOPMENT AND
EXPANSION PLANS. US FIRMS ARE ALMOST TOALLY OUT OF
PICTURE, AND SALE OF THIS MAGNITUDE WOULD BE OF CONSIDERABLE
IMPORTANCE IN RE-ESTABLISHING THEM HERE.
MAESTRONE

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